

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014. With the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.



21 December 2016

CAPITAL RAISING TOTAL VOTING RIGHTS

Placing to raise £425,000 (€505,000)

- **Placing of 94,444,444 new ordinary shares at 0.45 pence per share together with 31,481,481 warrants to raise £425,000 (€505,000) before expenses and issue of 15,740,741 Broker Warrants**
- **Proceeds of the placing to be applied to fund the advancement of the Company's principal diamond opportunities and in particular the Lahtojoki Diamond Project, its exploration at Riihivaara and for working capital**

Karelian Diamond Resources plc (AIM: KDR, ESM: KDRI), the diamond exploration company focused on Finland, is pleased to announce that it has conditionally raised £425,000 (ca.€505,000), prior to expenses, through a placing (the "Placing") of 94,444,444 ordinary shares of €0.00001 in the capital of the Company (the "Placing Shares") and 31,481,481 warrants all at an exercise price of 0.8 pence per warrant (the "Warrants"), together the "Placing Units", at a price of 0.45 pence per Placing Unit (the "Placing Price").

The Placing is conditional, *inter alia*, on admission of the Placing Shares to trading on AIM and the Enterprise Securities Market operated by the Irish Stock Exchange Limited ("ESM"). The Placing Shares will rank *pari passu* with the existing issued ordinary shares of €0.00001 in the capital of the Company ("Ordinary Shares").

The Warrants can be exercised at any time from admission of the Placing Shares to the second anniversary of the anticipated admission of the Placing Shares, being 29 December 2018.

The Company intends to use the proceeds of the Placing to fund the advancement of the Company's principal diamond opportunities and in particular the recently acquired Lahtojoki Diamond Project, its exploration at Riihivaara where the Company has discovered a potential new diamond source and for working capital generally.

As part of the Placing, certain of the Directors have subscribed for an aggregate of 16,666,667 Placing Units, consisting of 16,666,667 Placing Shares and 5,555,555 Warrants. The Directors' participation in the Placing and their resultant shareholding following admission of the Placing Shares to trading ("Admission") is as follows:

Director	Placing participation £	Placing Shares subscribed for No.	Resultant Shareholding No.	Percentage interest in the enlarged issued share capital	Warrants received No.
Professor Richard Conroy	67,500	15,000,000	91,806,168	22.27	5,000,000
Maureen Jones	4,500	1,000,000	7,110,875	1.72	333,333

James P. Jones	3,000	666,667	4,481,539	1.09	2222,222
	75,000	16,666,667	103,398,582	25.08	5,555,555

The participation of Professor Richard Conroy, Maureen Jones and James P Jones in the Placing is a related party transaction pursuant to Rule 13 of the AIM Rules for Companies. The independent directors of the Company (being Séamus FitzPatrick, Louis Maguire, and Sorca Conroy), having consulted with the Company's Nominated Adviser and ESM adviser, consider the terms of the Placing to be fair and reasonable insofar as the Shareholders are concerned.

Application has been made to AIM and ESM for the Placing Shares to be admitted to trading. It is expected that admission will become effective on 29 December 2016.

Following the issue of the Placing Shares, and for the purposes of the Disclosure and Transparency Rules, the Company's total issued share capital on Admission will consist of 412,229,478 Ordinary Shares.

The above figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company, under the Disclosure and Transparency Rules.

In conjunction with the Placing the Company is issuing 15,740,741 Broker Warrants, also exercisable at 0.8 pence per warrant until 29 December 2018, to Beaufort Securities.

Professor Richard Conroy, Chairman, Karelian Diamond Resources plc commented:

"The Placing provides the funds to enable the Company to step up its activities, in particular at Lahtojoki where we are looking to develop a mine. With the funds raised we can start to demonstrate the potential this project has to offer and also further the work at Riihivaara where the Company has discovered a potential new diamond source".

Further Information:

<i>Professor Richard Conroy, Chairman, Karelian Diamond Resources plc</i>	Tel: +353-1-661-8958
<i>David Hart/James Thomas/Nick Harriss, Allenby Capital Limited (Nomad)</i>	Tel: +44-20-3328-5656
<i>Ger Heffernan/Jan Fitzell, IBI Corporate Finance Limited (ESM Adviser)</i>	Tel: +353-7662-34800
<i>Jon Belliss/Elliot Hance, Beaufort Securities Limited (Broker)</i>	Tel: +44-20-7382-8300
<i>Michael Padley, Lothbury Financial Services Limited</i>	Tel: +44-20-3290-0707
<i>Don Hall, Hall Communications</i>	Tel: +353-1-660-9377

<http://www.kareliandiamondresources.com>

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014. The information set out below is provided in accordance with the requirements of Article 19(3) of that Regulation.

1	Details of the person discharging managerial responsibilities/person closely associated				
a)	Name	Professor Richard Thomas Walter Lawrence Conroy			
2	Reason for the notification				

a)	Position/status	Director of the Company
b)	Initial notification /Amendment	Initial notification
3	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor	
a)	Name	Karelian Diamond Resources plc
b)	LEI	N/A
4	Details of the transaction(s):section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted	
a)	Description of the financial instrument, type of instrument	Ordinary Shares of €0.00001 each ("Ordinary Shares")
	Identification code	ISIN for Karelian Diamond Resources plc Ordinary Shares: IE00B01ZSK94
b)	Nature of the transaction	Purchase of shares via a placing
c)	Price(s) and volume(s)	Price – 0.45 pence per ordinary share Volume – 15,000,000 Ordinary Shares
d)	Aggregated information - Aggregated volume - Price	N/A
e)	Date of the transaction	21 December 2016
f)	Place of the transaction	Outside a trading venue

1	Details of the person discharging managerial responsibilities/person closely associated	
a)	Name	Maureen Theresa Anne Jones
2	Reason for the notification	
a)	Position/status	Director of the Company
b)	Initial notification /Amendment	Initial notification
3	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor	
a)	Name	Karelian Diamond Resources plc
b)	LEI	N/A
4	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted	
a)	Description of the financial instrument, type of instrument	Ordinary Shares of €0.00001 each ("Ordinary Shares")
	Identification code	ISIN for Karelian Diamond Resources plc Ordinary Shares: IE00B01ZSK94
b)	Nature of the transaction	Purchase of shares via a placing
c)	Price(s) and volume(s)	Price – 0.45 pence per ordinary share Volume – 1,000,000 Ordinary Shares
d)	Aggregated information - Aggregated volume - Price	N/A
e)	Date of the transaction	21 December 2016

f)	Place of the transaction	Outside a trading venue
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1	Details of the person discharging managerial responsibilities/person closely associated	
a)	Name	James ("Jim") Patrick Jones
2	Reason for the notification	
a)	Position/status	Director of the Company
b)	Initial notification /Amendment	Initial notification
3	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor	
a)	Name	Karelian Diamond Resources plc
b)	LEI	N/A
4	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted	
a)	Description of the financial instrument, type of instrument	Ordinary Shares of €0.00001 each ("Ordinary Shares")
	Identification code	ISIN for Karelian Diamond Resources plc Ordinary Shares: IE00B01ZSK94
b)	Nature of the transaction	Purchase of shares via a placing
c)	Price(s) and volume(s)	Price – 0.45 pence per ordinary share Volume – 666,667 Ordinary Shares
d)	Aggregated information - Aggregated volume - Price	N/A

e)	Date of the transaction	21 December 2016
f)	Place of the transaction	Outside a trading venue